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13 February 1967

INSTABILITY IN THE WESTERN HEMISPHERE

I. Instability has long been a factor in the developing countries of the Western Hemisphere. Revolutions, attempts at revolutions, or serious disturbances are definite possibilities in nine of the 24 countries on the southern flank of the US. They are:

A. Guatemala. President Mendez has begun to cope more effectively with the guerrilla insurgency problems, but urban terrorism continues.

1. The Communist Party and its action arm, the FAR, are presently nursing a split but are ready to take advantage of any move by rightist forces to overthrow the government. Any such coup effort could precipitate a prolonged Civil War.

B. Haiti. Despite recent arrests and military purges, Duvalier still faces plotting and possible further outbreaks of violence.

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1. The Communists are not capable of seizing power, but they represent the only internal political opposition with any noticeable degree of training and organization.
2. Should the Duvalier dictatorship collapse, practically anything is possible--from the early establishment of a dictatorship by the military to near anarchy.

C. Panama. Panama's fragile socioeconomic order is susceptible to exploitation by ultranationalists and Communists.

1. Maneuvering for the May 1968 presidential election is under way and the canal treaty negotiations are becoming a major issue.
2. The principal threat to the government comes from Arnulfo Arias, a former president and an effective demagogue. He wants the presidency again and has on occasion courted some radical leftists and might be prepared to go to extremes to regain power.

D. Dominican Republic. The potential for chaos is still high in the Dominican Republic.

1. Radical elements assumed control of ex-president Bosch's political party in late October. Their extreme line raises the possibility of cooperation between them and the Communists although this has not yet occurred.
2. Opposition charges that President Balaguer is following "neo-Trujillo" policies were given some credibility when the government launched a roundup of several hundred alleged antigovernment conspirators on 22 and 23 January.
3. This situation adds to the strains already present because of the economic problems, labor unrest, latent civil-military tensions, and some Communist subversion.

E. Guyana. Now that the British troops have left this new country, Guyana is vulnerable to public disorder which could strain the capability of the inexperienced local security forces.

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1. The largest political party is led by pro-Communist Cheddi Jagan who could shift to violent tactics again should it appear that he will be frustrated with the late 1968 - early 1969 election.
2. Jagan's People's Progressive Party is Communist-oriented and maintains close ties with the Communist world, particularly Cuba.
3. In January Prime Minister Burnham and his junior coalition partner, Peter D'Aguiar, came close to ending their partnership. Although they have patched up their differences their partnership is on shaky ground and may not last until the next elections-- scheduled for late 1968 or early 1969.

F. Bolivia. Bolivia returned to civilian constitutional rule in August 1966.

1. President Barrientos has no independent power base of his own.
2. His rivalry with General Ovando, armed forces commander and former junta president, bears the seeds of a possible

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split in the military. Labor unrest and constant political maneuvering add to the uncertain situation in Bolivia.

In Ecuador and Honduras, the major threat is a coup or an attempt at one. However, in each country there is a military establishment or some other group which is basically willing to cooperate with the US and would probably be capable of maintaining control.

G. Ecuador. The political situation in Ecuador is likely to remain turbulent for the next several months. Until the eighteenth constituent assembly completes its work, Ecuador will be without an effective government.

1. The country is faced with continuing financial problems.
2. With the country subject to a provisional president, the armed forces are poised to intervene if there appears to be a breakdown in the political system.

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I. Honduras. Growing discontent over the lack-luster Lopez government has generated plotting by elements of the opposition Liberal Party and some military officers.

1. Lopez continues to remain aloof from politics.
2. His chief adviser, Ricardo Zuniga, has aroused political antagonism with his heavy-handed methods and abuses of power.
3. Honduras has the least developed economy in central America.

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